

growth—sustained economic growth, alleviation of poverty, and the advantages we have experienced as being an open economy.

We begin this visit with tremendous confidence, optimism, and as true partners. And we will be expecting you in March of next year at the second Summit of the Americas.

**President Clinton.** I'll be there.

### **National Economy**

**Q.** Mr. President, during the ceremony, Chairman Greenspan was on the Hill expressing some deep concerns about the direction of the market. Do you share that concern?

**President Clinton.** I'll answer questions at the press conference. Thank you.

**Q.** Are you going to call Senator Torricelli? Are you going to call Senator Torricelli about—

**Vice President Gore.** *Gracias. Vamos.*

**Q.** —amendment?

**President Clinton.** That's a good question. [Laughter]

[At this point, one group of reporters left the room, and another group entered.]

**President Clinton.** Let me begin by saying again how deeply honored I am that President Frei is here and that he has favored the United States with our first state visit of my second term as President. We believe we have established a genuine partnership with Chile that will only deepen in the years ahead.

The American people are terribly impressed by the remarkable transformation of Chile in the last several years, the growth of the deep democracy, the powerful economic advances, the reduction in poverty, the assumption of leadership by Chile in the region and in the world. And I'm looking forward to building on that partnership. And again let me say I'm very pleased that President Frei is here at my first state visit in my second term.

**President Frei.** I would like to thank you once again, Mr. President, for this invitation to this state visit, the first one of your second term. We've come here with great optimism at a time where the relations between the United States and Chile are at its utmost.

We are partners not only in this hemisphere, but globally we have been working as partners. We want to keep on working together in furtherance of democracy and to defeat poverty in the end. Chile has a rich experience in foreign trade, and we plan to share that as well.

Thank you for the warm welcome and for your kind words about my father, Mr. President. Thank you, and we will continue to consolidate together democracy. And we expect you in March of next year when you come to the Summit of the Americas.

**Q.** President Clinton, will you—

**Vice President Gore.** We're going to wait for the press conference.

**President Clinton.** We'll do questions, and they'll be equally divided at the press conference.

NOTE: The President spoke at 10:28 a.m. in the Oval Office at the White House. A tape was not available for verification of the content of these remarks.

### **The President's News Conference With President Frei**

*February 26, 1997*

**President Clinton.** Good afternoon. Please be seated. First, let me say it's been a great pleasure to welcome President Frei to the White House. We meet in an historic moment for our hemisphere, when the foundation of democracy and free markets is firmly in place. Now we must lead in building on that foundation to forge a future of peace and prosperity.

Chile is the window through which we see the Americas of tomorrow, a multiparty democracy, a firm commitment to human rights, proven economic reform. President Frei is working hard to make sure that all Chileans benefit from Chile's economic growth, lifting people from poverty and raising their aspirations. Chile is also an active global citizen, promoting peace from El Salvador to Iraq, sending civilian police to Bosnia, ratifying the Chemical Weapons Convention.

At the crossroads of trade among the world's most dynamic economies, Chile can be a cornerstone of the vibrant free trade

area we are working to build in our hemisphere. Together, the United States and Chile are showing the promise of partnership in the Americas. Today President Frei and I reaffirmed our commitment to build on that partnership at the Summit of the Americas that Chile will host in March of 1998.

At the summit in Miami in 1994, we charted a roadmap for collective action. Now we must set further milestones for progress that will benefit our people, deepening democracy, advancing trade, expanding opportunity, fighting drugs, and protecting the environment. I look forward to attending the Santiago summit and to working closely with President Frei to build on Miami's success.

We also discussed the importance of open trade, both in boosting prosperity and in bolstering freedom and democracy. I repeated to the President what I told the Congress: I believe we must have fast-track authority to conclude new trade agreements that open markets to America's products and that advance our values. The United States simply cannot afford to sit on the sidelines while others share in the fruits of Latin America's remarkable growth.

Chile's strong record of reform, good government, and sound fiscal policies make it an excellent candidate for the first use of such authority. Our administration remains committed to concluding a comprehensive free trade agreement with Chile. In that regard, I'm pleased to announce that I've asked the Secretary of Agriculture, Dan Glickman, to travel to Chile to inaugurate a new consultative process to promote our agricultural trade. Our countries have also agreed to launch negotiations on an open skies agreement.

And finally, I want to mention something near to my heart, our Fulbright exchange program, the oldest in Latin America. Today Chile's decision to share this program's cost will help our people to build even stronger ties as we enter the 21st century.

Over the next several months, as I visit Latin America and the Caribbean, I'll continue to advance the important agenda we focused on today, consolidating the historic journey of the Americas toward democracy, open markets, mutual respect and cooperation. We are weaving a fabric of an integrated

hemisphere, a community where people live, work, and learn together as friends on behalf of peace and progress.

Before I ask President Frei to speak, I'd like to say just a few words, if I might, to the American people and the American press about our continued determination and our ongoing efforts to get to the bottom of the question of Gulf war illnesses. This week, as a result of the ongoing review we instituted several months ago, new documents have come to light further suggesting that our troops could have been exposed to chemical agents during the Gulf war. As soon as we get any new information, we share it with our veterans and the American people, and we will act appropriately on any information we uncover.

I want to caution everyone that it is important not to prejudge the actions of the developments that occurred in the previous administration. We simply have to get to the bottom of it. Today I've written to Dr. Joyce Lashof, the Chair of our action committee on Gulf war illnesses, and asked the PAC to focus on the documents that have come to life this week. It is essential that we get all the help we can from the PAC in understanding the full significance of the documents and any other new information that might come to light. We cannot stop until we get all the answers about Gulf war illnesses.

And now I'd like to ask President Frei to make an opening statement. And we'll take your questions.

Mr. President.

**President Frei.** Thank you, Mr. President. I would like in the first place to reiterate our thanks for this invitation. Chile is a country that in the recent years has consolidated its democracy. It has had sustained growth in the last 14 years, with average development and growth rates of 7 percent a year. And that has strengthened and consolidated our economy.

We have given a front battle against poverty, bringing down to half the level of poverty we had during the eighties. And at the same time, we've done it within the framework of a tremendous opening to foreign trade—international trade. Chile has today economic complementation agreements with

more than 30 countries. We are members of Mercosur starting October of last year. We are members of APEC, as the only South American country. And we are negotiating an agreement with the European Union.

For all these reasons, at this working meeting we have discussed all the items—hemispheric ideas, the Summit of the Americas to be held in March of '98 in Chile, what are the main items and subjects and what we will focus on during the year: consolidation of democracy, free trade, struggle against poverty, and also very preeminent subjects that we have agreed to include in that Summit of the Americas, and that is education, science, technology, and training as the essential and foremost tool to leave under development.

We have talked also about our participation in the United Nations and in all those issues of world peace. We have representatives of our armed forces in Iraq, and we will take part with members of our police forces in Bosnia. And we are very active seeking in Latin America the peaceful settlement of disputes. And this has been proven by our participation in several conflicts we've had in Latin America and very recently in those difficulties between Peru and Ecuador, whereby we have actively participated to consolidate peace in the region.

Also, we have reviewed our bilateral relation. In the last years of my government, the increase of bilateral trade between Chile and the U.S. has had an explosive increase; it has increased more than 50 percent in the last 2 or 3 years. Only in 1996 we've had investments of American firms equivalent to all of the American investment we had in Chile in the previous 15 years. And so with an exchange of more than \$6.2 billion—of course, there are sensitive issues, especially in agricultural sectors. And we have expressed our way of thinking and our ideas as to trade, the points of interest to Chile, to the United States. And as the President has stated, our Secretaries of Agriculture will meet so as to jointly look for a solution to these problems that we believe always can emerge in such a vast, broad, and diversified trade relation as the one we have.

Also, we have spoken of politics. We are interested in the 1998 summit to speak of

politics as we did in the Iberia-American summit of Santiago. Usually we used to discuss environment, free trade, and education. This time we raised the subject of democratic governance, good government, how to make our democracies effective in Latin America, how to solve the very specific and concrete problems of the people.

And that item, that subject, we want to include it in the summit of next year. We know that democracy has to be built every single day with great effort and sacrifice, and that is why this conversation has been very open, candid. We are a small country. We are no power neither as to population nor are we an economic power. But with certain dignity we do have the capability of raising before the United States a very wealthy bilateral relation of great development and to work together in the hemisphere and in global policies.

I believe that Chile, and this I say here solemnly, Chile is no example, nor model. What we've done is to build an experience based on our history. And of course, drawing upon the lessons and work of many, many generations, we have been able to consolidate this development model, this development process. And we have a historic opportunity. Never before has the country been in a position to view upon the future in a different manner.

If we act in this way, I think that in the next years we can leave underdevelopment behind. That is what we want in Chile. That is what we want to build. And we feel partners with the United States in this major endeavor, that as a Latin American country I will be able to leave behind poverty, margination, and build a better future for our children. That is our task, the major project.

And I feel today that, upon arrival to the United States, being received by the President and highest authorities, and when speaking to more before the Joint Session of Congress—first time a Chilean President will have this honor—it's not an honor for the President, it's an honor to the country, for what we've been, for what we are, and what we are building.

Thank you, Mr. President.

### **1996 Campaign Financing**

**Q.** Sir, the documents yesterday show you raised a great deal of money from people you entertained at the White House. Did you pay for their food and such? And can you really say the White House was not used as a fundraising tool?

**President Clinton.** Absolutely. Look at the list of the people. We put it out there. A vast majority, I think almost seven-eighths of them, were people that I had relationships with that were independent of my campaign for President in '92. But some people did come and stay with me who helped me, and I think that's entirely appropriate. I don't think people who support you and help you through tough times and who believe in what you're doing should be disqualified from being the President's guests at the White House. But any Presidential guest at the White House, whether they're family members or dignitaries or whatever, their costs are not borne by the taxpayers.

Mr. President, would you like to call on someone?

### **Free Trade and Fast-Track Authority**

**Q.** A question for President Clinton. In Chile, your political will with regard to Chile's accession to NAFTA is well-known. However, at this point, with all the time that's gone by, we're asking for more concrete steps. Among those steps you are about to take, are you going to ask for fast-track authority from Congress?

**President Clinton.** Yes. I am going to ask for fast-track authority from Congress. In my State of the Union Address I said that I would. And I want to reiterate today that I believe the first use of that authority should be to conclude a comprehensive trade agreement with Chile. And I would hope that the Congress would support that endeavor.

I believe the President's speech to the Congress tomorrow will be very helpful in that regard. And I'm delighted that he came here. I'm delighted that this is my first state visit since I was reelected President. And I wish it had been done before, but it was simply not possible to pass through Congress. I do believe we'll get the fast-track authority, and I believe we'll conclude an agreement. But we have a lot of work to do. And as I

said, the fact that the President is going to speak to Congress tomorrow to a Joint Session is a historic thing not only for Chile, but it's very important for the United States and for the future of this whole region.

Terry [Terence Hunt, Associated Press].

### **1996 Campaign Financing**

**Q.** Mr. President, in the documents that were released yesterday, two high-ranking White House officials, Harold Ickes and Evelyn Lieberman, refer to DNC coffees at the White House as "fundraisers." That of course would be illegal. How do you explain their choice of words, and do you think that any of the fundraising activities came close to skirting the line, going across the line into illegality?

**President Clinton.** No. We got strict advice about—legal advice about what the rules were, and everyone involved knew what the rules were. Did we hope that the people that came there would support me, particularly after we got into a political season, when we were doing this? Of course, we did. But there was no solicitation during the events. And the guidelines, which I believe were made available to you also yesterday in the documents, made it clear that there was to be no price tag on the events. Did the people hope that the folks that came to the events would subsequently support me? Yes, they did. And I think that was clear to everyone involved at the time. But there was no solicitation at the White House, and the guidelines made clear that there was to be no price tag on the events.

**Q.** But the language in those memos?

**President Clinton.** I think my own view is—and I haven't talked to the people, but that's how much they hoped would come out of their endeavors after the coffees were over. And I think, if you will ask them, you'll find that sometimes they did, and sometimes they didn't.

### **Chile and NAFTA**

**Q.** President Clinton, Chile is a country with a small economy and a small population. Why do you think it deserves to be part of NAFTA?

**President Clinton.** I think that Chile deserves to be part of NAFTA because it is

the most successful democratic free market economy in Latin America, with high rates of growth, a deeply entrenched democracy, having overcome very well-documented, extreme difficulties in building that democracy over the last few decades. And really I think Chile is looked to as a leader in our hemisphere on political and economic matters. And I can't imagine how we could have a set of free trade agreements with our neighbors in Latin America that Chile was not a part of.

And what I'm hoping is that others in our hemisphere who have now embraced democracy will see what Chile has done economically, not simply in having high rates of growth but also in reducing poverty, spreading the benefits of economic growth to more people.

The commitments that the President has articulated in education, for example, that the First Lady saw so clearly when she was down there 2 years ago—I'm hoping that that will spread across our hemisphere and that when we come to Santiago next year there will be a deep feeling among all the other nations there represented that we should press on to create a free trade area of the Americas and that it should help more countries to bring the benefits to their people that the Chilean people are beginning to realize.

So the symbolic significance of Chile is far beyond the size of the economy, although I wouldn't minimize the size of the economy and its potential for growth.

Claire [Claire Shipman, CNN]?

### **1996 Campaign Financing**

**Q.** Mr. President, given all the public attention at this point on the fundraising issue, and the calls now from Capitol Hill from Democrats and Republicans for an independent counsel, don't you think it might make sense at this point to have an independent counsel to take some of the pressure off?

**President Clinton.** Well, I think what I always think about that. There is a statute, and that is a decision for the Attorney General to make. It should not be a political decision. It's a legal decision; the Attorney General has to make it.

**Q.** Would you be opposed to an independent counsel?

**President Clinton.** I'm not going to comment. I never have. It is a decision that should be made strictly on the law, based—by the Attorney General, not based on any politics. But the evidence that we made clear yesterday—I think is—I've answered the questions about that, and I don't think there is a legal issue there.

### **Trade and Domestic Politics in Chile**

**Q.** President Frei, have you been told by President Clinton the strategy he will use in the months ahead to propose fast track on Congress? And also, a domestic question—have you decided—are you close to a decision to who will be president of the Christian Democrats in Chile?

**President Clinton.** I'm glad you asked him a domestic question. Thank you. [Laughter]

**President Frei.** What we think as to free trade is to show exactly what our experience has been, more than taking part as to—or referring to the decisions that the U.S. Government or Congress have to make. We are interested; of course, we are. Why? Because as I said before, we have economic complementation agreements with more than 30 countries. Our foreign trade is highly diversified in Asia, Europe, and America. Our trade with Latin America is very similar to the one we have with the United States. That is why we have aggressively sought these agreements, allowing a small nation to consolidate those markets. Today if we had foreign trade—I mean, imports, exports, and related services—they account for practically 55 percent of our GDP. And so today—at least 6 or 7 out of 10 jobs in Chile depend on international trade.

And that is why we believe that this has been beneficial for the country. And also, Chilean firms have gone abroad and invested more than \$15 billion in the southern cone of America—unprecedented fact—practically 20 percent of our GDP. And this has meant the creation of an area not only of free trade but of integration. We are working in physical integration, energy integration, and we are contributing to improve our quality of life in the continent and particularly in our country.

That is why we've grown in recent years at rates—permanent rates about 6 or 7 percent, I would say. The last 14 years, we have a savings and investment rate that reaches unprecedented figures. Last year we had a saving investment rate of 28 percent, 28.5 of our GDP. And domestic savings, there the state contributes with 5 percent to domestic savings. And for 5 years we've had fiscal surplus.

Our accounts are in order, and thus we are firmly convinced that free trade not only is a pillar and foundation for Chile's development but an essential condition to consolidate our political, social, and economic project. And that is why, of course, we are interested, and we are certainly interested in the agreement with the United States. We signed with Canada in November an agreement following the guidelines of NAFTA, and that includes labor and environmental clauses that we are also ready and willing to accept.

So this is our vision of the country, how is our country going to be in the 21st century, and we are working toward that. And that is why we expect and the U.S. Government and Congress to define this, which is a road for Chile, of course, but it is also a road to be followed by the Americas.

And as to the Christian Democrat Party in Chile, the President of the Republic is President of all Chileans and does not take part in active politics. There in Chile, I am head of state and head of government, and the decisions of the parties are independent decisions. And the Christian Democratic Party, of which I've been a member for more than 35 years, elects its authorities democratically, universal suffrage process which is underway, and at the end of March they will hold that election. All the members will vote, and they will democratically elect their authorities.

### **Consumer Price Index**

**Q.** Mr. President, are you ready to endorse Senator Lott's call for a commission of economists to once and for all settle this issue of whether the CPI overstates inflation?

**The President.** Let me say, first of all, I support a cost of living increase that is appropriate. I think it's important that it be accu-

rate. There have been questions raised and opinions offered about that. And I think it's important that we agree to a procedure that will have credibility not only among both parties and their leaders in Congress but even more importantly out there among the American people.

This is not a question for the budget; this is a question about the long-term viability of our systems and whether the CPI is an accurate reflection of how much the cost of living of Americans goes up every year.

I appreciate Senator Lott's suggestion and I have—it is one of the things that I have considered, and I think we'll have some sort of an announcement on that in the not too distant future. But I think it's important for me to make sure that whatever we do has not only the confidence of Senator Lott, Senator Daschle, Speaker Gingrich, and Leader Gephardt and the members of their caucuses but also of the people out there in the country that will be living with whatever decision is made on this.

So I think he made a good, constructive suggestion. I think we ought to take that under advisement. And we need to see what other options there are out there, and then we need to go forward, and I expect to do that.

### **Free Trade and Fast-Track Authority**

**Q.** President Clinton, since the Miami summit, not much progress has been done with regard to the free trade areas of the Americas. Do you think that the various regional processes in Latin America have been making much more headway, and do you think that the next summit is going to concentrate more on that than the FTAA?

**President Clinton.** Well, I think the answer to your question is it depends in large measure on what we do here. Since the United States did not renew fast-track authority, there was not much more we could do. But a lot of progress has been made within South America, for example. Chile reached an agreement with the Mercosur countries, and a lot of other things have been going on there. And then we've been working on some specific issues with a lot of nations in our hemisphere.

But I believe that our ability to get a free trade area of the Americas—Chile also, I think, made separate agreements with both Canada and Mexico. So our ability to get a free trade area of the Americas and to build what I think is potentially the most powerful economic unit in the early part of the next century, now rests with the willingness of Congress to approve the fast-track authority and our ability to get back on track and try to be a constructive, cooperative part of this process. And I intend to do whatever I can to achieve that.

And as I said, I'm delighted that the President is going to address Congress tomorrow. There's an enormous amount of admiration for Chile in the United States Congress, across party lines, for all kinds of reasons. And I think his words will be heard, and I think they will be exceedingly helpful.

Thank you very much.

NOTE: The President's 136th news conference began at 1:16 p.m. in Room 450 of the Old Executive Office Building. President Frei spoke in Spanish, and his remarks were translated by an interpreter. In his remarks, he referred to a PAC, an acronym for Presidential advisory committee. In this case the President's Advisory Committee on Gulf War Veterans' Illnesses.

### **Statement on Senate Action on the Balanced Budget Amendment**

*February 26, 1997*

I have made clear my concerns about the balanced budget amendment, and I am pleased that Senator Torricelli has made the difficult decision to oppose that measure.

Now it's time to get down to the hard work of balancing the budget. I look forward to working with both Republicans and Democrats in Congress to enact a plan that balances the budget in 5 years while protecting education and other critical investments in America's future.

### **Memorandum on Gulf War Documents**

*February 26, 1997*

*Memorandum for the Chairperson of the Presidential Advisory Committee on Gulf War Veterans' Illnesses*

*Subject: Gulf War Documents*

I've made it very clear from the early days of my Administration that the welfare of Gulf War veterans is a national priority. My strong and continuing commitment, reflected in the establishment and recent extension of the Presidential Advisory Committee on Gulf War Veterans' Illnesses, is to leave no stone unturned on behalf of those who served in the Persian Gulf theater. This commitment entails ensuring both that sick Gulf War veterans receive the medical care they require and that all relevant information that may help us understand the risks they faced is brought to light.

As you are aware, the Central Intelligence Agency, working in cooperation with the Department of Defense, has recently declassified several documents relating to the ongoing investigation of possible chemical warfare agent exposure of U.S. forces during demolition operations at Khamisiyah after the Gulf War. These documents indicate that: (1) U.S. Army units were warned of the possibility that there were chemical munitions at the Khamisiyah ammunition depot prior to seizing that objective during the ground war in February 1991; and (2) in November 1991, the Central Intelligence Agency prepared a classified message documenting the possibility that U.S. forces conducting demolition operations at the Khamisiyah facility were exposed to chemical warfare agents.

While the many issues related to Gulf War illnesses are complex and entail consideration of massive quantities of information, there must be no question of this Nation's commitment to protecting its soldiers on the battlefield and then ensuring that they receive the care they require upon returning home. This is a joint bipartisan responsibility that my Ad-